## Message Text

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PAGE 01 BONN 10954 101831Z

64

ACTION COME-00

INFO OCT-01 EUR-25 IO-14 ISO-00 EB-11 TRSE-00 STR-08 AGR-20

LAB-06 SIL-01 SWF-02 AID-20 CEA-02 CIAE-00 FRB-02

INR-10 NSAE-00 RSC-01 CIEP-02 SP-03 SAM-01 OMB-01

DRC-01 /131 W

----- 073828

R 101821Z JUL 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3723

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION BERLIN

AMCONSUL MUNICH

AMCONSUL STUTTGART

AMCONSUL FRANKFURT

AMCONSUL BREMEN

AMCONSUL HAMBURG

AMCONSUL DUSSELDORF

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E.O. 11652: N/A TAGS: ETRD, GW

SUBJECT: MTN NONTARIFF DATA BASE; EC SUBSIDY PRACTICES

REF: A. DEPARTMENT'S A-4194 OF MAY 23, 1974;

B. BONN A-14 OF JANUARY 5,1973

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PAGE 02 BONN 10954 101831Z

- 1. OUR REVIEW OF THE FRG'S BIANNUAL "SUBSIDY REPORT" REVEALS THAT NO NEW INDUSTRIAL SECTORS OTHER THAN THOSE REPORTED IN REFTEL B ARE PRESENTLY RECEIVING DIRECT FINANCIAL OR TAX SUPPORT FROM THE FEDERAL OR STATE GOVERNMENT. (A COPY OF THE 1973 EDITION OF THE REPORT IS BEING POUCHED TO THE DEPARTMENT OF COMMERCE ATTN IEPR:OTP:TND KUWABARA). THERE ARE ONLY MINOR VARIATIONS -FROM LAST YEAR IN TERMS OF SUPPORT WITHIN THE INDUSTRIAL SECTORS ALREADY RECEIVING ASSISTANCE.
- 2. GIVEN THE ECONOMIC DOWNTURN IN THE FEDERAL REPUBLIC IN CERTAIN INDUSTRIES, THE FRG MIGHT DECIDE TO EXPAND ITS SUBSIDY PROGRAM TO OTHER INDUSTRIES NOT YET COVERED FOR EXAMPLE TEXTILES. HOWEVER WE HAVE AS YET HAD NO OFFICIAL OR UNOFFICIAL INDICATION THAT THIS WILL BE DONE. IN ADDITION, CERTAIN ACADEMIC ECONOMISTS IN THE FRG ECONOMIC INSTITUTES BELIEVE THAT THE FRG MACHINE WELDING AND COMPUTER INDUSTRIES WILL UNDERGO MAJOR STRUCTURAL CHANGES WITHIN THE NEXT FEW YEARS, WITH THE FORMER INDUSTRY REQUIRING SUBSTANTIAL GOVERNMENT SUPPORT, SOME OF WHICH IS LIKELY TO HAVE AN IMPORT SUBSTITUTION EFFECT.

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## Message Attributes

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